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Comments On Net Metering Proposed Rule

NET METERING SUGGESTIONS

Some changes I would suggest are:

- Section 5(b) strike the date on the UL 1741 standard. UL is in the process of updating 1741 to accommodate the new IEEE 1547 DG standards and small generator manufacturers can be expected to submit approval under the most current UL standard, not a dated version. In the future, this could cause problems as no equipment would be UL listed to the 1999 version of their 1741 standard.
- Section 5(d)(1) add “equipment” so it reads “Install additional controls or equipment; or”
- In the metering section (Sec. 6(a)(1)) I would add the words “the bi-directional flow of electricity and ” to the middle of that section so it reads “One main watt-hour meter capable of measuring the bi-directional flow of electricity and net kilowatt hours (kWh), or”
- In section 7, I would clarify that the credit is in kWh so no customer makes the claim that they deserve a monetary credit. Keeping the credit as a kWh credit puts the net metering rule squarely within the confines of FERC’s MidAmerican decision and avoids any PURPA challenges to the rule.
- In section 9 it might be good to have sample tariff procedures delineated so that the steps a customer must follow to interconnect under net metering are clear and the time for approval/denial is also clear. For example, in Virginia a customer submits an application with the name of the electrician who will perform the installation (note that an electrician cannot certify a proper installation on the application form since the system has not yet been installed). If the utility has a concern about the proposed installation it must respond within 30 days or the customer can proceed with the installation (I would shorten this to 10-15 business days). When the installation is complete, the electrician submits a statement confirming the installation was completed according to code.

The specific procedures could wait for the actual tariffs and might be better there than in the rule.

Other considerations:

a) 1 MW installations

The rule does not address the larger installations we discussed by e-mail namely up to 1MW for commercial customers. While adding this element would represent a major change to the rule and would require more detailed interconnection guidelines along the

lines of what we presented in the FERC proceeding, it is necessary if you want to push net metering for this class of customers.

One politically palatable incremental approach would be to add farms to the list of customers who can use net metering and increase the limits for them. For many of the larger farms, 500 kW to 1MW may be what they need to meet their own annual electricity consumption. After the rules were in place, you could later focus on all commercial. However, I have been surprised at the high level of support that often comes from the chambers of commerce for net metering for all commercial customers. The local chamber together with the farm bureau would, in my opinion, be potent advocates for pushing 1MW for all commercial customers. You are in the best position to judge those groups support for the idea.

You should also be aware that an amendment is being prepared for the Energy Bill in Congress that would push net metering to 1MW for all commercial customers (10kW residential). While many insiders tell me that it is just as likely the Energy Bill will fail again this year as last, if it does pass with the amendment, Indiana will be in a good position to adopt the federal standard. Then again, if you propose it now, you could be driving the federal agenda. I can provide you a copy of the draft amendment if you'd like, or you could get it through official channels by requesting it from Senator Cantwell's office.

b) Greater overall penetration

The rule currently limits total net metering to 0.1 percent of summer peak load. While this is probably close to the average for states who have implemented net metering, many have adopted higher limits. I would suggest 0.2 percent as an alternative because even at that limit the worst case for the cross subsidy argument is a miniscule number. Tactically though if you decide to push for 1 MW now, you might want to leave the 0.1 percent in place knowing you will have a much larger constituency to push for a higher limit in a few years.